

Olympia

March 23, 1971

Leroy M. Hittle

I. W. (Bob) Hilson

Proposal of Washington Brewers Institute to require every brewer, certificate of approval holder, or other original supplier to file uniform delivered prices for all wholesalers on a statewide basis.

The subject proposal appears to represent an attempt on the part of the state-located brewers to build into Regulation (49) a measure of protection against out-of-state brewers who may invoke discriminatory prices in selected areas of the state.

Opposition to this proposal has been expressed by the Washington Beer & Wine Wholesalers Association. Actually, to the best of my knowledge, no other state has such a requirement. I asked both Ron Murphy and Tom Morgan, who represented the brewers at a meeting in my office Monday, March 22, if they could name any state which had a similar law or regulation, and they responded in the negative.

In recognition of the fact that this state has a brewing industry which sells about three-fourths of the beer consumed here, the trepidation of the local brewers is understandable, in the face of the wholesalers' pending petition to amend Rule (49).

I personally do not believe that the brewers' proposal in this instance is realistic, as it does not take into consideration the freight rate differentials, nor does it make any exception for a wholesaler who hauls beer into the state in his own trucks from out-of-state.

If the Board wishes to provide a reasonable degree of protection to local brewers against unethical pricing by out-of-state competitors, I believe it would be feasible to do so in a manner which would be relatively equitable to all parties. Specifically, through a regulatory requirement that a uniform dock price be filed by the supplier for all wholesalers at the shipping point or place of manufacture, with a provision that such beer may not be sold at a price lower than that generally available to wholesalers in the brewer's home state. It would be a brewer's prerogative to file uniform delivered prices to the state wholesalers if he chose to do so.

The emphasis that was displayed by the brewers' representatives in pressing for adoption of the subject proposal, is my reason for bringing this matter to your special attention.

I have not intended to present precise regulatory language for your consideration, but merely to get an indication from the Board if it wishes to pursue this matter further.

Please advise.

*Bob Hilson*  
I. W. (Bob) Hilson, Supervisor  
Beer and Wine Division

IWH:ah

cc: Hood, Eldridge, Mickey

Resp to Costco RFP  
3016

**PLAINTIFF'S  
EXHIBIT**

CASE  
NO. CV04-0360P

EXHIBIT  
NO. 042